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BRENDA BURNS PROPOSED AMENDMENT NO. 1

TIME/DATE PREPARED: Thursday, October 16, 2014

RECEIVED

COMPANY: Johnson Utilities, LLCAGENDA ITEM NO. 24DOCKET NO(S). WS-02987A-12-0136

2014 OCT 16 A 8:16

OPEN MEETING DATE: October 16, 2014CORP COMMISSION
DOCKET CONTROL**On page 6, line 26, ADD the following new text:**

On September 5, 2014, Johnson filed Exceptions, which attached updated ADEQ compliance reports (dated August 27, 2014) for Johnson's Pecan and San Tan WTPs. Those reports indicate that both plants have met the compliance conditions of ADEQ case ID Nos. 2021, 97512, and 120285. According to those updated reports, ADEQ and Johnson are engaged in discussions to resolve the Company's liabilities resulting from the NOV's, and ADEQ will maintain the open status of the NOV's until a resolution is reached.

On October 2, 2014, Staff filed an update regarding Johnson's ADEQ compliance status. Staff's filing included a copy of the August 27, 2014 ADEQ compliance report for the Pecan WRP and a copy of a new ADEQ compliance report, dated September 18, 2014, for the San Tan WRP. These reports also indicate that each system has met the compliance conditions of ADEQ case ID Nos. 2021, 97512, and 120285.

On page 14, line 17, DELETE the last sentence of Finding of Fact 37.**On page 14, line 17, ADD a new finding of fact, as follows:**

38. On October 2, 2014, Staff filed an update regarding Johnson's ADEQ compliance status. Staff's filing included a copy of the August 27, 2014 ADEQ compliance report for the Pecan WRP and a copy of a new ADEQ compliance report, dated September 18, 2014, for the San Tan WRP. These reports indicate that the Pecan and San Tan systems have met the compliance conditions of ADEQ case ID Nos. 2021, 97512, and 120285.

On page 15, DELETE lines 5-9, and REPLACE with the following new finding of fact:

40. The Company's application lacked the preliminary engineering report required by A.A.C. R14-2-402(B)(5)(n); however, an appropriate preliminary engineering report dated May 18, 2013 was subsequently submitted for Merrill Ranch Expansion One, units 53A, 53B, 55A, 55C, 57A, 57B, 59A, 59B, 59C, 69D, and 59E. Staff recommends that the Commission grant the Company a Conditional CC&N for all units except 59A, 59C, 69D, and 59E. As to those four units, Staff recommends that the Commission grant the Company an order preliminary because those units are not scheduled to begin construction until June 2019, June 2020, December 2019, and December 2020, respectively. This recommendation reflects Staff's concern regarding granting conditional CC&Ns for areas that do not exhibit a present need for service.

On pages 15 and 16, DELETE Findings of Fact 42-45, and INSERT the following new findings of fact:

42. As of the time of the hearing herein, some of Johnson's wastewater systems remained out of compliance with ADEQ. In light of Johnson's past and ongoing ADEQ compliance issues, this was a cause for concern about Johnson's ability to provide safe and reliable service to customers.

Arizona State Corporation Commission

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43. The subsequent filings by Johnson and Staff show that the Company's four WRPs are now in compliance with applicable ADEQ requirements, with no material violations that would prompt ADEQ to take enforcement action. Therefore, an Order Preliminary is no longer warranted on the basis of the Company's previous non-compliance.

On page 16, DELETE Finding of Fact No. 46, and INSERT the following new finding of fact:

46. Staff's modified recommendations carve out four units (59A, 59C, 59D, and 59E) in the Merrill Ranch extension area that would remain subject to an Order Preliminary until an ADEQ Approval to Construct the water and wastewater facilities for the first parcel of each specified unit is docketed. We find it appropriate to exclude these areas from the Conditional CC&N granted for the remainder of the extension areas. As such, only when the Company docketed an ADEQ Approval to Construct the water and wastewater facilities for the first parcel of any specified unit shall that area be reviewed for a conditional CC&N.

On page 16, line 28, ADD the following insert at the end of Conclusion of Law No. 4:

“, except for the four Units in the Merrill Ranch Expansion One, Units 59A, 59C, 59D and 59E.”

On page 17, line 1, DELETE “an Order Preliminary” and REPLACE with “a Conditional CC&N”.

On page 17, line 2, ADD the following insert at the end of Conclusion of Law No. 5:

“, except for the four Units in the Merrill Ranch Expansion One, Units 59A, 59C, 59D and 59E.”

On page 17, line 5, DELETE the words “an Order Preliminary” and REPLACE with “a Conditional CC&N.”

On page 17, line 8, DELETE the word “herein.” and replace with “herein, except for the four Units in the Merrill Ranch Expansion One, Units 59A, 59C, 59D and 59E.”

On page 17, lines 9 through 21, DELETE the three ordering paragraphs.

On page 18, line 12, INSERT the following new ordering paragraphs:

IT IS FURTHER ORDERED that, for Units 59A, 59C, 59D, and 59E in Merrill Ranch Expansion One, the Company shall file the ADEQ Approval to Construct water or wastewater facilities for each unit within thirty days of its issuance.

IT IS FURTHER ORDERED that Staff shall file, within thirty days of the Company's docketing of an ADEQ Approval to Construct water or wastewater facilities for the first parcel of each of the four units specified above, a Staff response in the form of a Proposed Order confirming compliance and granting a conditional CC&N for an extension to include the areas included in the Order Preliminary; and that the Proposed Order confirming compliance should then be scheduled as soon as possible for Commission consideration.

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed	_____ Not Offered	_____ Withdrawn

IT IS FURTHER ORDERED that, if Johnson Utilities, L.L.C. does not timely comply with the above stated time deadlines for docketing any ATC for Merrill Ranch Expansion One, Units 59A, 59C, 59D and 59E, the Order Preliminary approved therefor shall be deemed null and void for that Unit or Units.

PLEASE MAKE ALL CONFORMING CHANGES.

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____